

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
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R 071650Z JUN 78
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC 8467
INFO AMEMBASSY COPENHAGEN
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM
COMICEDFOR KEFLAVIK IC
CINCLANT NORFOLK VA
CINCEUR VAIHINGEN GE

C O N F I D E N T I A L SECTION 1 OF 2 REYKJAVIK 0763

E.O. 11652: GDS
TAGS: PINT, IC
SUBJECT: ELECTION WATCH: THE CAMPAIGN BEGINS

SUMMARY. ICELAND'S NATIONAL ELCTION CAMPAIGN FORMALLY GOT UNDER WAY JUNE 5 WITH TELEVISION APPEARANCE BY PRIMIN GEIR HALLGRIMSSON SPEAKING IN BEHALF OF INDEPENDENCE PARTY. IN LOW-KEY PERFORMANCE, HALLGRIMSSON DEFENDED GOI ECONOMIC POLICIES AND APPEALED FOR SUPPORT TO PREVENT ALTERNATIVE OF LEFTIST GOVERNMENT RETURNING TO POWER. PM HAS WORK CUT OUT FOR HIM SINCE PARTY FAITHFUL ARE ONLY NOW BEGINNING TO PULL THEMSELVES TOGETHER AFTER LAST WEEK'S MUNICIPAL ELECTIONS FOR CAMPAIGN FIGHT AHEAD. ONLY NATIONAL ISSUE TO EMERGE HAS BEEN ECONOMIC SITUATION, ALTHOUGH THERE ARE SIGNS THAT BOTH PARTIES IN GOVERNING COALITION MAY TRY TO GIVE INCREASING ATTENTION TO DEFENSE AND FOREIGN AFFAIRS. END SUMMARY.

1. THREE-WEEK ELECTORAL CAMPAIGN LEADING
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UP TO ALTHING ELECTION BEGAN JUNE 5 WITH PM GEIR HALLGRIMSSON AS LEADER OF INDEPENDENCE PARTY (IP) SPEAKING ON TELEVISION IN SERIES "INTRODUCING THE PARTIES." HALLGRIMSSON TRIED TO REPEAT HIS PERFORMANCE OF LAST FALL WHEN, IN INTERVIEW WITH REPORTER FROM PEOPLE'S ALLIANCE (PA), PM SHOWED UNUSUAL TOUGHNESS FOR WHICH HE RECEIVED HIGH MARKS. ALTHOUGH HALLGRIMSSON

ACTED IN LOWER KEY DURING THIS APPEARANCE, HE WOULD
LEFT RATHER FAVORABLE IMPRESSION.

2. HALLGRIMSSON PLAYED TWO THEMES: DEFENSE OF GOI
ECONOMIC MOVES AND SUPPORT FOR IP AS ONLY ALTERNA-
TIVE TO LEFTIST GOVERNMENT. ON ECONOMY, PM SAID THAT
WORKERS HAVE NEVER BEEN BETTER OFF THAN THEY ARE TODAY, AND
MAINTAINED THAT PURCHASING POWER OF WAGES IS FIFTEEN
PERCENT HIGHER NOW THAN PRIOR TO 1974 ELECTION. HALL-
GRIMSSON SAID GOI TOOK TIME IN ACTING AGAINST ECONOMIC
PROBLEMS BELIEVING THAT SYSTEM COULD CORRECT ITSELF,
BUT IN FEBRUARY, IT WAS FACED WITH UNEMPLOYMENT IF
IT DID NOT IMPOSE WAGE RESTRAINT. GOVERNMENT OPTED
FOR LATTER BECAUSE GOI WOULD ALWAYS TAKE COURSE OF
ACTION THAT WOULD PREVENT UNEMPLOYMENT.

3. GOI, PM CONTINUED, DID NOT WANT TO INTERFERE IN
ECONOMIC SYSTEM. HE SPOKE OF IP'S TRADITIONAL BELIEF
IN INDIVIDUAL FREEDOM, AND ITS OPPOSITION TO ANYTHING
THAT WOULD PUT CONTROLS ON PEOPLE OR ECONOMIC LIFE.
HE MADE APPEAL FOR SUPPORT OF IP SINCE HE CLAIMED
ALTERNATIVE WOULD BE RETURN TO (1971-74) LEFTIST GOVERN-
MENT. HINTING AT DIRE CONSEQUENCES, HALLGRIMSSON
SAID THAT NATION ALREADY HAD EXPERIENCE WITH SUCH A
GOVERNMENT AND ICELANDERS KNEW WHAT THAT MEANT.

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4. HALLGRIMSSON DID NOT COME ON LIKE HARD-CHARGING
PARTY LEADER THOUGH THIS IS WHAT SOME HAD HOPED FOR.
IP IS STILL LICKING ITS WOUNDS AFTER LOSING SOME
IMPORTANT FIGHTS IN LAST WEEK'S MUNICIPAL ELECTIONS,
AND PARTY IN PROCESS OF GETTING ITSELF BACK TOGETHER,
SEEMS IN NEED OF SOME FIRM LEADERSHIP WHICH PM HAS NOT
YET PROVIDED. IN LAST FEW DAYS, IP HAS BEEN WORKING
OVERTIME ANALYZING MUNICIPAL RESULTS AND TRYING TO
ADJUST TO NEW POSITION AS MINORITY ON REYKJAVIK
CITY COUNCIL, BUT IT HAS YET TO COME UP WITH ANY CLEAR
CAMPAIGN STRATEGY PLANS FOR NEXT THREE WEEKS.

5. SIGNS ARE THAT BOTH IP AND COALITION PARTNER
PROGRESSIVE PARTY (PP) WILL DEVOTE MORE ATTENTION
TO DEFENSE AND FOREIGN AFFAIRS. IP DAILY, MORGUNBLADID,
HAD BOLDLY-HEADED ARTICLE JUNE 6 ECHOING PM'S
WARNING ("IP OR LEFTIST GOVERNMENT") WHILE FEATURING
LONG ARTICLE CHARGING THAT PREVIOUS GOVERNMENT HAD
DECIDED IN 1974 ON WITHDRAWAL OF ICELAND DEFENSE
FORCE (IDF). ARTICLE, DETAILING PLANS FOR IDF WITH-
DRAWAL, NOTED THAT DEFENSE FORCE WAS TO DEPART IN
STAGES WITH LAST OF US PERSONNEL LEAVING IN MID-1976

AND WITH ICELANDERS ASSUMING CONTROL OF BASE, RADAR SITES, AND OTHER FACILITIES AT THAT TIME. THIS REPORT WAS BASIS FOR MORGUNBLADID EDITORIAL WHICH TRUMPETED THAT IT WAS ONLY IP VICTORY IN 1974 ELECTION THAT PREVENTED THIS WITHDRAWAL. EDITORIAL CONTINUED THAT REVIEW OF 1951 DEFENSE AGREEMENT LEADING TO 1974 MEMORANDUM OF UNDERSTANDING WAS IMPORTANT ACCOMPLISHMENT OF GOI SINCE IT ASSURED MAINTENANCE OF NATIONAL DEFENSE.

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6. PROGRESSIVE PARTY, TOO, HAS BEGUN TO PLACE ADDED EMPHASIS ON ITS FOREIGN AND DEFENSE ACCOMPLISHMENTS. FONMIN AGUSTSSON WAS QUICK TO TAKE CREDIT FOR NEW AGREEMENT PROVIDING USG ASSISTANCE FOR CONSTRUCTION OF DUAL USE TERMINAL AT KEFLAVIK (REYKJAVIK 0762 (NOTAL)(DTG 071220Z JUN 78) AND PP DAILY TIMINN FEATURED FRONT PAGE ARTICLE JUNE 6 TRACING HIGHLIGHTS OF ICELAND'S ATTEMPTS IN RECENT YEARS TO SECURE 200-MILE FISHING LIMITS. NARRATIVE DID NOT IGNORE ROLE OF PP FOREIGN MINISTER WHO WAS IN OFFICE DURING THIS PERIOD. PROGRESSIVES ARE SOMEWHAT VULNERABLE TO PA CHARGES OF DUPPLICITY ON IDF-RELATED MATTERS SINCE PP HAS BEEN ON BOTH SIDES OF BASE RETENTION ISSUE IN PRESENT AND PREVIOUS GOVERNMENTS. SINCE PARTY MAY BE EVEN MORE VULNERABLE ON ECONOMIC QUESTIONS, HOWEVER, PP TRYING TO SEEK CREDIT FOR ANY ACCOMPLISHMENTS IT CAN.

7. BOTH PA AND SOCIAL DEMOCRATS HAVE YET TO KICK OFF
THEIR ALTHING CAMPAIGNS. THEY ARE STILL RIDING HIGH
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ON MUNICIPAL ELECTION VICTORIES AND CONTINUEU TO GARNER
PUBLICITY AS A RESULT. THEY MAY GO INTO HIGHER GEAR
LATER IN WEEK FOLLOWING THEIR OWN RESPECTIVE TELE-
VISION DEBUTS JUNE 7.

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